

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2017

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HOUSE BILL 311

Short Title: State Auditor/Various Amendments.-AB (Public)

Sponsors: Representatives Riddell, Cleveland, Adcock, and Floyd (Primary Sponsors).  
*For a complete list of sponsors, refer to the North Carolina General Assembly web site.*

Referred to: State and Local Government II, if favorable, Regulatory Reform

March 13, 2017

A BILL TO BE ENTITLED

1 AN ACT TO CLARIFY THAT THE OFFICE OF THE STATE AUDITOR DOES NOT HAVE  
2 OVERSIGHT AUTHORITY OVER LICENSING BOARDS, TO CLARIFY THAT THE  
3 OFFICE OF THE STATE AUDITOR IS NOT REQUIRED TO ADOPT UNNECESSARY  
4 RULES, TO REQUIRE A NON-STATE ENTITY THAT RECEIVES STATE FUNDS TO  
5 POST THE OFFICE OF THE STATE AUDITOR'S HOTLINE, TO CLARIFY THAT THE  
6 PRODUCTION OF DOCUMENTS TO THE OFFICE OF THE STATE AUDITOR DOES  
7 NOT WAIVE THE ATTORNEY CLIENT OR ATTORNEY WORK PRODUCT  
8 PRIVILEGES, AND TO ALLOW THE OFFICE OF THE STATE AUDITOR TO  
9 DETERMINE THE LENGTH OF TIME THAT A STATE AGENCY MAY RESPOND TO  
10 AN AUDIT OF ECONOMY AND EFFICIENCY OR AN AUDIT OF PROGRAM  
11 RESULTS.  
12

13 The General Assembly of North Carolina enacts:

14 **SECTION 1.** G.S. 93B-4 reads as rewritten:

15 "**§ 93B-4. Audit of Occupational Licensing Boards; payment of costs.**

16 (a) The State Auditor shall audit occupational licensing boards from time to time to ensure  
17 their proper operation. The books, records, and operations of each occupational licensing board  
18 shall be subject to ~~the oversight of audit by~~ the State Auditor pursuant to Article 5A of Chapter  
19 147 of the General Statutes. In accordance with G.S. 147-64.7(b), the State Auditor may contract  
20 with independent professionals to meet the requirements of this section.

21 (b) Each occupational licensing board with a budget of at least fifty thousand dollars  
22 (\$50,000) shall conduct an annual financial audit of its operations and provide a copy to the State  
23 Auditor."

24 **SECTION 2.** G.S. 147-64.9 reads as rewritten:

25 "**§ 147-64.9. ~~Rules and regulations.~~ Rules.**

26 The Auditor shall make and enforce ~~such reasonable~~ only those rules and regulations as are ~~that~~  
27 the Auditor determines are reasonably necessary for the operation of ~~his the~~ Auditor's office. The  
28 Auditor shall install an adequate accounting system for ~~his the~~ office and shall keep or cause to be  
29 kept a complete, accurate, and adequate record of all fiscal transactions of ~~his the~~ office."

30 **SECTION 3.** G.S. 143C-6-23(g) reads as rewritten:

31 "(g) Audit Oversight. – The State Auditor has audit oversight, with respect to grant funds  
32 received by the grantee or subgrantee, pursuant to Article 5A of Chapter 147 of the General  
33 Statutes, of every grantee or subgrantee that receives, uses, or expends grant funds. A grantee or  
34 subgrantee ~~must, shall,~~ upon request, furnish to the State Auditor for audit all books, records, and  
35 other information necessary for the State Auditor to account fully for the use and expenditure of



1 grant funds received by the grantee or subgrantee. The grantee or subgrantee ~~must~~shall furnish  
2 any additional financial or budgetary information requested by the State Auditor, including audit  
3 work papers in the possession of any auditor of a grantee or subgrantee directly related to the use  
4 and expenditure of grant funds. The grantee or subgrantee shall post conspicuously in its office the  
5 State Auditor's hotline telephone number, as described in G.S. 147-64.6B(a)."

6 **SECTION 4.** G.S. 147-64.7 is amended by adding a new subsection to read:

7 "(d) No Waiver. – The production of documents or information required by this section  
8 does not constitute a waiver or an impairment of the attorney client privilege or the attorney work  
9 product privilege."

10 **SECTION 5.** G.S. 147-64.6(c) reads as rewritten:

11 "(c) The Auditor shall be responsible for the following acts and activities:

12 ...

13 (13) At the conclusion of an audit, the Auditor or the Auditor's designated  
14 representative shall discuss the audit with the official whose office is subject to  
15 audit and submit necessary underlying facts developed for all findings and  
16 recommendations which may be included in the audit report. On audits of  
17 economy and efficiency and program results, the auditee's written response  
18 shall be included in the final report if received within 15 to 30 days from receipt  
19 of the draft report. The length of time shall be determined by the Auditor and  
20 shall be commensurate with the number and complexity of the findings.

21 ...."

22 **SECTION 6.** Section 3 of this act becomes effective July 1, 2017. The remainder of  
23 this act is effective when it becomes law.